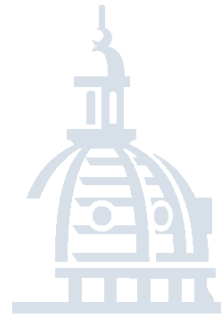


JUDICIAL DISTRICT DEPARTMENTS OF CORRECTIONAL SERVICES AUDIT

FY 2014 Audit. State Auditor Mary Mosiman recently released the audit report on the eight Judicial District Departments of Correctional Services for FY 2014. These eight departments provide community-based correctional programs to Iowa's counties, and have administrative offices in Waterloo, Ames, Sioux City, Council Bluffs, Des Moines, Cedar Rapids, Davenport, and Fairfield. The majority of funding is provided by the Iowa Department of Corrections (DOC).

Summary of FY 2014 Audit Report by Judicial District Department.

- The **First Judicial District Department** had total revenues of \$17.9 million and total expenditures of \$17.7 million. The fund balance at the end of FY 2014 was \$248,000. There were no findings requiring follow up for the First Judicial District Department.
- The **Second Judicial District Department** had total revenues of \$13.3 million and total expenditures of \$13.1 million. The fund balance at the end of FY 2014 was \$462,000.
Finding related to internal control: The Auditor stated that the Client Assistance bank account was not properly reconciled monthly and the District Department should ensure that variances between the bank and book balances are investigated and resolved in a timely fashion. The District Department has agreed to take steps to comply with this finding.
- The **Third Judicial District Department** had total revenues of \$7.8 million and total expenditures of \$7.6 million. The fund balance at the end of FY 2014 was \$529,000.
Finding related to internal control: The Auditor pointed out accounting errors and stated that the Department should ensure that the GAAP package information reported is complete and accurate. The District Department has agreed to ensure the proper amounts will be reported.
- The **Fourth Judicial District Department** had total revenues of \$6.4 million and total expenditures of \$6.4 million. The fund balance at the end of FY 2014 was \$31,000. There were no findings requiring follow up for the Fourth Judicial District Department.
- The **Fifth Judicial District Department** had total revenues of \$24.4 million and total expenditures of \$24.7 million. The fund balance at the end of FY 2014 was \$97,000.
Finding related to internal control: The Auditor stated that the District Department should ensure that client weekly budgets that document client disbursements be retained in the client's file. The Department stated it will ensure the weekly budgets supporting client disbursements will be retained in the client's file.
- The **Sixth Judicial District Department** had total revenues of \$18.3 million and total expenditures of \$18.4 million. The fund balance at the end of FY 2014 was \$126,000.
Findings related to internal control:
 - The Auditor stated that the District Department should review operating procedures to maximize internal control allowing segregation of duties when handling cash, receipts and disbursements. The Department stated it has reassigned duties to ensure proper segregation of duties.
 - The Auditor recommended that the District Department establish formalized policies and procedures regarding loan funds and the process of writing off uncollectible accounts. Also, adequate supporting documentation of purchases from loan proceeds should be implemented, as well as stopping the practice of writing checks to cash. The Department responded that they have updated their loan funds policy and no longer write checks to cash.
 - A review of the Sixth Judicial District Department of Correctional Services issued in January 2014 cited concerns regarding the relationship between the District Department and the Community Corrections Improvement Agency (CCIA), a nonprofit organization. During the current audit, discussions with District Department staff revealed that the relationship between the two entities during FY 2014 did not change substantially. Specifically, the Auditor noted continued sharing of staff between the entities to include assisting the CCIA with day-to-day operations of signing



checks, making deposits, reviewing bank reconciliations, and writing grants. The District Department has not been reimbursed by CCIA for the time spent by Department employees. The Auditor recommended that the District Department implement changes to ensure a clear separation from CCIA operations, including:

- Assigning staff and ensuring each entity is responsible for its own operating costs and financial recordkeeping.
 - Implementing procedures to ensure timesheets are completed, reviewed, and maintained.
 - Not allowing District Department employees to administer CCIA grants/programs and functions.
 - Ensuring that CCIA reimburses the Department for operating costs including rent for office space, a portion of utility costs and maintenance costs.
 - Ensuring CCIA operations are physically separated from District Department operations.
 - The Auditor pointed out an accounting error and stated that the Department should ensure that the GAAP package information reported is complete and accurate. The District Department has agreed to ensure the correct amount will be reported.
- The **Seventh Judicial District Department** had total revenues of \$9.3 million and total expenditures of \$9.6 million. The fund balance at the end of FY 2014 was \$61,000. There were no findings requiring follow up for the Seventh Judicial District Department.
 - The **Eighth Judicial District Department** had total revenues of \$9.2 million and total expenditures of \$9.2 million. The fund balance at the end of FY 2014 was \$371,000.

Finding related to internal control: The Auditor recommended that duties should be properly segregated for payroll preparation, and for collection, deposit preparation, and reconciliation of receipts. The District Department stated that their staff size is small due to budget limitations, but they will continue to segregate duties as much as possible.

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